

Statement of
U.S. Representative Edward J. Markey (D-MA)
Ranking Democrat, House Subcommittee on
Telecommunications and the Internet
Hearing on Voice over Internet Protocol (VOIP)
July 7, 2004

Good Morning. I want to commend Chairman Upton for calling this hearing today on Voice over Internet Protocol (VOIP).

Internet Protocol-based communications and services continue to make inroads into markets traditionally served through older technologies. IP technology can put any content – voice, video, data, or a combination – into packets of zeros and ones. These digital packets can be delivered over any telecommunications infrastructure. This is the kind of “destructive technology” that Joseph Schumpeter spoke about in his book published 60 years ago entitled *Capitalism, Socialism, and Democracy*.

In that book, Schumpeter spoke of a [quote] “process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating the new one. This process of ‘creative destruction’ is the essential fact about capitalism.”

Internet-based technologies are buffeting many of the incumbent marketplace participants across many industries. In the telephone market, consumers stand to benefit from advances in technologies such as VOIP, which possesses the ability to bring additional features and services and lower cost to what we once called “plain old telephone service.”

In addition to challenging industry participants, it also challenges regulators to not be timid about embracing change. Ensuring that innovative, “creatively destructive” technologies and service providers are not thwarted from reaching consumers by established incumbents was a key goal of the Telecommunications Act. The Commission has struggled with adopting many of the future-oriented regulatory definitions in the Telecommunications Act of 1996 in the last several years. Indeed, the Commission has been reversed in key court decisions that supported a more competitive interpretation of the blueprint Congress established in the Act for the “digital free-for-all” we hoped to unleash across all markets.

Consumers certainly deserve access to new Internet-based services. Consumers also deserve to receive these services from multiple providers so they benefit not only from access to these new technologies, but also from improved service quality and lower prices. *Yet consumers must also retain the important consumer protections developed over the years for these services.*

Just because an entity delivering a telecommunications service utilizes a new technology to deliver it doesn’t mean that the nature of the service itself changes from a consumer standpoint. The need for consumer privacy rules, billing protections, fraud protections, emergency 911 services, law enforcement access, or ensuring affordable residential service, does not disappear simply because a voice call travels in *packets* rather than *dedicated circuits*.

Today’s hearing will provide us with an excellent opportunity to hear how both the industry and regulators are confronting the rise of Internet telephony and allow us over the coming months to gauge whether any changes are necessary to existing telecommunications statutes, or whether any adjustments need to be made to regulatory interpretations of those laws.

Again, I thank the Chairman for calling this hearing and look forward to testimony from our witnesses.

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